



PEEHIP

Quarterly



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PUBLIC EDUCATION EMPLOYEES' HEALTH INSURANCE PLAN

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Creditable Coverage Notice About Your Prescription Drug Coverage and Medicare

This information is about your current prescription drug coverage with PEEHIP and prescription drug coverage under Part D of Medicare for people with Medicare. It also explains where to find more information to help you make decisions about your prescription drug coverage.

- ◆ PEEHIP has elected to continue providing prescription drug benefits even when members are eligible for Medicare Part D benefits. However, members cannot enroll in Medicare Part D and continue with PEEHIP prescription drug coverage.
- ◆ The prescription drug coverage offered by PEEHIP is expected to pay out as much as the standard Medicare prescription drug coverage and, therefore, the PEEHIP prescription drug coverage is considered "creditable coverage" as defined by Medicare.
- ◆ "Low-income" individuals may be eligible for prescription drug subsidies. These individuals may be better off applying for a subsidy and Medicare Part D (two separate steps).
- ◆ Individuals dropping or losing their PEEHIP coverage must enroll in Medicare Part D within 60 days or they will be subject to a higher premium.

If you do decide to enroll in a Medicare prescription drug plan and drop your PEEHIP prescription drug coverage, you will lose your PEEHIP drug coverage and will not be able to get this coverage back until you drop the Medicare Part D coverage. Keep in mind that you will not be able to take advantage of coverage under both the PEEHIP prescription drug program and through Medicare Part D.

Because the PEEHIP prescription drug coverage is as good as Medicare coverage, you can choose to join a Medicare prescription drug plan later without a late enrollment penalty. Each year after that, you will have the opportunity to enroll in a

Medicare prescription drug plan between November 15 and December 31.

Compare your current coverage, including which drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area. In most cases, PEEHIP will continue to be your best choice to maximize your benefits.

An exception may apply to certain "low-income" individuals who may be eligible for prescription drug subsidies, and thus may be better off applying for a subsidy and Part D (two separate steps). Individuals who have incomes below 150 percent of the Federal Poverty Level and assets of not more than \$10,000 per individual or \$20,000 per couple (not including homes, cars, household furnishings and possessions) may be eligible for the prescription drug subsidies. The Social Security Administration (SSA) has developed an application form and process to determine eligibility. If you feel you may qualify, go to the SSA Web page at www.socialsecurity.gov and click Medicare Outreach. Also, you may call or visit your local SSA office for more details; the national toll-free number is 800-772-1213.

PEEHIP members who drop or lose their coverage with PEEHIP and do not enroll in Medicare prescription drug coverage after their current coverage ends, may pay more to enroll in Medicare Part D later. Individuals having a 60 day or longer break in prescription drug coverage that is at least as good as Medicare's prescription drug coverage will be subject to at least 1% per month premium increase for every month after May 15, 2006, that they did not have prescription drug coverage. For example, if you go nineteen months without coverage, your premium will always be at least 19% higher than what most other people pay. This higher premium will continue as long as you have Medicare coverage. In addition, you may have to wait until the next November to enroll.

Open Enrollment News

The 2006-2007 Open Enrollment Packet was mailed to all PEEHIP-eligible active and retired members in late June. The Open Enrollment Packet includes forms that allow members to add new types of coverage, dependent coverage or change coverage types. The Open Enrollment period began **July 1, 2006**, and ended **August 31, 2006**, for changes to be effective **October 1, 2006**. No Open Enrollment forms postmarked after August 31, 2006, will be accepted. Members will only be able to make open enrollment changes online from September 1 – September 10, 2006.

If you do not wish to make changes to your PEEHIP coverage, **do not** complete the open enrollment application. You will automatically remain enrolled in the same or existing plan(s), and your monthly premium will continue to be deducted from your check.

PEEHIP Express Scripts Prescription Plan

Q. What is step therapy?

A. In step therapy, the covered drugs are organized in a series of steps, with your doctor approving and writing your prescriptions. The program usually starts with generic drugs in the first step. Your copay will be lower with the first step drug. More expensive brand name drugs are covered in the second step. Your doctor is consulted and approves and writes your prescriptions based on the list of step therapy drugs on our plan. Your doctor must write a new prescription when you change from a second step drug to a first step drug.

Q. Which classes of medications are part of the PEEHIP Express Scripts step therapy program?

A. The step therapy program applies to new prescriptions in certain drug classes. Prescription drugs that have not been purchased through a prescription drug plan in over 130 days are considered new prescriptions for this program. Included in the step therapy program are high blood pressure medications, arthritis/pain medications, heartburn medications, calcium channel blockers, antidepressant medications, cholesterol-reducing drugs, allergy medications, and topical immunomodulator drugs used to treat Psoriasis.

Q. If my physician prescribes Lipitor for me for the first time, will it be covered under the PEEHIP Express Scripts prescription plan?

A. Lipitor is a non-preferred medication that falls under the step therapy program. If there has not been a paid claim for Lipitor with the PEEHIP Express Scripts prescription plan within the prior 130 days, Lipitor will not be accepted at the pharmacy under step therapy. Your physician can prescribe a first step drug, such as Lovastatin, Simvastatin, or Pravastatin that will be covered. If the first step medication does not work, then the second step drug, Crestor or Vytorin will be covered. If after trying the generics and preferred medications in the first and second step, your doctor decides a non-preferred medication is right for you, the non-preferred cholesterol-

lowering agents, like Lipitor, will be covered. If there are medical reasons why you cannot take the first and second step medications, your physician can contact the Express Scripts prior authorization line at 1-800-347-5841 to request a prior authorization. If the prior authorization is not approved, you will be required to pay the full cost of the medication. If the prior authorization is approved, you will be charged the \$50 copay.

Q. I have been taking Lipitor for years but recently I attempted to have the prescription filled at the local pharmacy. It was not accepted under step therapy. Why was it rejected under step therapy when I have been taking it for years?

A. Your last paid claim for Lipitor with the PEEHIP Express Scripts prescription plan was January 3, 2006. When you attempted to have the prescription filled at the local pharmacy on July 18, 2006, more than 130 days had lapsed since the last paid claim. The prescription was treated as a "new prescription" for purposes of step therapy because more than 130 days had lapsed between fills. Your physician can prescribe a first step drug such as Lovastatin, Simvastatin, or Pravastatin that will be covered. If the first step drug does not work, then the second step drug Crestor or Vytorin will be covered. If after trying the generics and preferred medications in the first and second step, your doctor decides a non-preferred medication is right for you, the non-preferred cholesterol-lowering agents, like Lipitor, will be covered. Your physician can call the prior authorization line with Express Scripts at 1-800-347-5841 if there are medical reasons you cannot take the first and second step drugs. If the prior authorization is approved, you will be charged the \$50 copay. If the prior authorization is not approved, you will be charged the full cost of Lipitor.

Q. I had a paid claim for Lipitor on May 22, 2006, through the PEEHIP Express Scripts prescription plan and will go to the pharmacy on August 22, 2006, for a refill. Will Lipitor be covered by the PEEHIP plan on August 22, 2006, or will it be rejected

at the pharmacy under step therapy?

A. It would not be rejected at the pharmacy under step therapy because 130 days have not lapsed since the last paid claim in the PEEHIP Express Scripts prescription plan. The drug would be covered, and you would be charged the copay. PEEHIP members who are currently taking Lipitor, and have had a prescription claim processed for the second step drug Lipitor through the PEEHIP prescription plan within the prior 130 days will not be subject to step therapy for Lipitor.

Q. Are samples considered processed claims for purposes of step therapy?

A. No. Samples are not considered processed claims for purposes of step therapy.

Q. If a member has a prescription for Zocor, will the brand Zocor be covered?

A. Only if the DAW code "dispense as written" is written on the prescription by the physician will the brand Zocor be covered. A generic version of Zocor called Simvastatin was approved on June 23, 2006. If the DAW code is not written on the prescription, Simvastatin, the generic equivalent of Zocor will be filled rather than the brand Zocor.

Q. My physician has prescribed Nexium 40 mg twice a day. Will the PEEHIP Express Scripts prescription plan cover it twice a day for a 34-day supply?

A. No. PEEHIP will only cover 34 tablets for 34 days for Nexium 40 mg tablets. The quantity level limit is 34 pills for 34 days, which is consistent with the FDA regulations.

Q. My physician prescribed the drug Synthroid for me for the first time. It is listed on the PEEHIP Express Scripts prescription plan's approved maintenance drug list. When I went to have it filled, I only received a 34-day supply of the medication at the pharmacy. Why can I not receive a 90-day supply of the medication if the drug is on the approved maintenance

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drug list?

A. Effective February 1, 2006, the first fill on new prescriptions for maintenance medications is limited to a 34-day supply. After the first fill, members can receive a 90-day supply of the maintenance medication when the prescription is written for a 90-day supply and not more than 130 days have lapsed since the prior paid claim was paid by the PEEHIP Express Scripts prescription plan.

Q. I have been taking the medication Synthroid that has been on the PEEHIP Express Scripts prescription plan's approved maintenance drug list for years. I have been receiving a 90-day supply for one copay. When I went to have it refilled at my local pharmacy on July 22, 2006, I only received a 34-day supply rather than a 90-day supply even though my physician wrote the prescription for a 90-day supply. Why can I not receive a 90-day supply of Synthroid?

A. Your last paid claim for Synthroid in the PEEHIP Express Scripts prescription plan was January 3, 2006. More than 130 days have lapsed since your last paid claim for Synthroid in the PEEHIP Express Scripts prescription plan. Therefore, it is treated as a "new prescription" and you are only allowed a 34-day supply of Synthroid. Medications that are listed on the PEEHIP Express Scripts approved maintenance drug list are treated as "new prescriptions" if there is not a paid claim in the PEEHIP Express Scripts prescription plan within the prior 130 days. If you go back to have the prescription Synthroid refilled at the drug store with the PEEHIP Express Scripts prescription plan within the next 130 days, you will be allowed a 90-day supply of Synthroid if the physician writes the prescription for a 90-day supply.

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Step Therapy

PEEHIP utilizes the step therapy program to ensure that prescription use by PEEHIP members is safe and affordable. The step therapy program applies to new prescriptions in certain drug classes. Prescription drugs that have not been purchased through your prescription drug plan in over 130 days are considered new prescriptions for this program. Included in the step therapy program are high blood pressure medications, arthritis/pain medications, heartburn medications, calcium channel blockers, antidepressant medications, cholesterol-reducing drugs, allergy medications, and topical immunomodulator drugs used to treat Psoriasis.

As a PEEHIP member, be aware of the step therapy program when considering new prescription therapy. PEEHIP members are required to try a first step product before a second step product can be covered. If after trying a first step product, your physician decides to prescribe a different medication, PEEHIP will cover the second step product. If your doctor has clinical information that warrants the use of a second step product before a first step product, he or she can call the PEEHIP-Exclusive Prior Authorization Department, administered by Express Scripts, Inc., at 1-800-347-5841, or fax the Prior Authorization Request Form to Express Scripts, Inc., at 1-800-357-9577, to provide clinical information that warrants the use of a second step product before a first step product.

PEEHIP members who are currently taking a second step product, and have had a prescription claim processed for that second step product through the PEEHIP prescription benefit within the prior 130 days, will not be subject to step therapy for that second step product. Samples are not considered processed claims for purposes of step therapy. You can ask your doctor if a generic medication is appropriate for you, and share the PEEHIP Preferred Drug List (formulary) with your doctor. Keep the PEEHIP prescription drug program sound and affordable by being familiar with the step therapy program.

New Generic Cholesterol Medications

Are you one of the 34.5 million American adults with high blood cholesterol levels that put you at high risk for heart disease? Bad cholesterol, also known as LDL-cholesterol, can cause damage to the heart muscle by blocking the arteries that supply blood to the heart. Along with appropriate weight loss, a healthy diet, and exercise, your doctor may prescribe a medication to lower your cholesterol. Cholesterol-lowering medications are one of the most often prescribed prescriptions, and also among the most expensive. Most patients require long-term prescription treatment for high cholesterol. Now PEEHIP members can save money while lowering your cholesterol with the availability of three generic medications that treat high cholesterol. They are Lovastatin, Simvastatin, and Pravastatin, and the copay will be \$5 a month beginning October 1, 2006. Consider the opportunity to lower costs while lowering your cholesterol.

Notice to Enrollees in a Self-funded Non-federal Governmental Group Health Plan

Under a Federal law known as the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191, as amended, group health plans must generally comply with the requirements listed below. However, the law also permits State and local governmental employers that sponsor health plans to elect to exempt a plan from these requirements for any part of the plan that is “self-funded” by the employer, rather than provided through a health insurance policy. The Public Education Employees’ Health Insurance Board has elected to exempt the Public Education Employees’ Health Insurance Program from the following requirement:

Prohibitions against discriminating against individual participants and beneficiaries based on health status. A group health plan may not discriminate in enrollment rules or in the amount of premiums or contributions it requires an individual to pay based on certain health status-related factors: health status, medical condition (physical and mental illnesses), claims experience, receipt of health care, medical history, genetic information, evidence of insurability, and disability.

The exemption from this federal requirement has been in effect for the 2006 Plan Year beginning October 1, 2006, and ending September 30, 2007. The election will be renewed for subsequent plan years.

HIPAA also requires the Plan to provide covered employees and dependents with a “certificate of creditable coverage” when they cease to be covered under the Plan. There is no exemption from this requirement. The certificate provides evidence that you were covered under this Plan, because if you can establish your prior coverage, you may be entitled to certain rights to reduce or eliminate a preexisting condition exclusion if you join another employer’s health plan, or if you wish to purchase an individual health insurance policy.

For more information regarding this notice, please contact PEEHIP.

Express Scripts Claims Processed

3,147,015 prescription drug claims processed with the PEEHIP Express Scripts prescription plan from October 1, 2005, through June 30, 2006.

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Q. Why was I charged a \$50 deductible twice? I was charged a deductible of \$50 under a new account with Express Scripts when I had previously paid the deductible under my spouse’s account with Express Scripts.

A. You should not be charged twice for a \$50 deductible. Express Scripts can move the deductible over to the new account. If a member is charged twice for the deductible, then he or she can receive reimbursement at the pharmacy. Please contact the PEEHIP office and we will be glad to assist you with this issue.

New Copays

Beginning October 1, 2006, the new monthly PEEHIP prescription copays are \$5 for generics, \$30 for preferred brands, and \$50 for non-preferred brands. You could save \$25 a month, or \$300 a year, with a generic prescription. Or, if you currently take a non-preferred medication, you could save \$45 a month, or \$540 dollars a year, with a generic prescription. Ask your doctor if a generic medication is appropriate for you, and take your Preferred Drug List to your doctor appointments in case your doctor needs to prescribe a brand name prescription. You can save money by getting the best buy.

PUBLIC EDUCATION EMPLOYEES’ HEALTH INSURANCE PLAN

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